

The FY 2006 Budget Town of Tolland

Introduction:

The Board of Selectmen and the Finance Committee present the following background information and Budget for FY 2006 in preparation for discussion at the Budget Hearing on May 9, 2005 at 7:00 p.m. at the Town Hall.

As you will quickly note if you compare the bottom line for 2005 with that of 2006, there is a significant increase in the budget for 2006. This increase is due to real increases in costs (like fuel, oil, salt, required technology etc.) but more importantly to the town's insistence on an unrealistically low tax rate for many years. The Selectmen and Finance Committee felt that extremely conservative budgeting for many years has now begun to catch up with us (i.e. at one point in early winter we had no plow trucks that were operable; our garage is leaking and heating the outdoors and has polluted water and our furnace in the library is about to go), we have needed things, but we have not spent the money. Now things are falling apart and about to have major impact on our lives. Consequently, the Finance Committee and Selectmen agreed to present a budget of what we really need. Each department has presented a budget that is conservative but realistic.

Please study the following material and attend the Budget Hearing. Additional information and details will be presented at the Hearing. You will have a chance to ask questions and hopefully give direction. This budget would require an override vote of about \$300,000. Preliminary calculations from the state indicate that this would mean a tax rate of \$8.32 and our current tax rate is \$5.52. If this is not the will of the people, we will need direction on what should be cut to reach a desired goal. We do not see significant cuts (\$50,000 to \$250,000) that would not have significant impact on each of us.

The Finance Committee and The Board of Selectmen

ACCOUNT NO.	BUDGETS	FY2006 REQUESTED	+/- FY06-FY05	FY2005 APPROP.
1	RESERVE FUND	\$4,000.00		\$4,000.00
2	REGIONAL SCHOOL	\$244,236.00	\$5,400.00	\$238,836.00
3	STATE AID HIGHWAY			\$197,025.50
4	PUBLIC WORKS	\$42,000.00	\$10,000.00	\$32,000.00
5	TRANSFER STATION	\$22,380.00	\$18,380.00	\$4,000.00
6	SNOW & ICE	\$70,000.00	\$41,210.60	\$28,789.40
7	REVALUATION	\$20,000.00	\$20,000.00	-
8	UTILITIES	\$22,000.00	-	\$22,000.00
9	DPW PICKUP TRUCK (2005)	\$7,130.89	\$ (63.85)	\$7,194.74
10	VISITING NURSE ASSOCIATION	\$1,000.00	\$500.00	\$500.00
11	SALARIES	\$255,394.31	\$45,486.40	\$209,907.91
12	COUNTY RETIREMENT ASSESSMENT	\$26,147.00	\$7,402.00	\$18,745.00
13	UNEMPLOYMENT COMPENSATION INS.	\$200.00	-	\$200.00
14	TOWN INSURANCE & BONDS	\$24,257.15	\$1,089.15	\$23,168.00
15	WORKERS COMPENSATION INS.	\$4,400.00	\$400.00	\$4,000.00
16	CEMETERIES	\$5,000.00	\$4,399.00	\$ 1.00
17	HEALTH INSURANCE EXPENSE	\$19,310.70	\$9,447.10	\$9,863.60
18	MEDICARE INSURANCE EXPENSE	\$2,000.00	\$200.00	\$1,800.00
19	ASSESSORS EXPENSE	\$6,000.00	\$(450.00)	\$6,450.00
20	EMERG. MANAGEMENT EXPENSES	\$100.00	-	\$.00
21	CONSERVATION COMMISSION	\$95.00	-	\$95.00
22	ANIMAL INSPECTOR EXPENSES	\$2,094.00	\$(256.00)	\$2,350.00
23	FINANCE COMMITTEE EXPENSES	\$150.00	\$(10.00)	\$160.00
24	FIRE DEPT. EXPENSES	\$20,000.00	\$(2,000.00)	\$22,000.00
25	AUDIT	\$7,500.00	-	\$7,500.00
26	LIBRARY EXPENSES	\$3,281.00	\$800.00	\$2,481.00
27	MEETING & ELECTION EXPENSES	\$4,200.00	\$1,400.00	\$2,800.00
28	OFFICE SUPPLIES	\$3,000.00	-	\$3,000.00
29	PLANNING BOARD EXPENSES	\$500.00	\$262.00	\$238.00
30	POLICE DEPT. EXPENSES	\$9,757.00	\$3,872.00	\$5,885.00
31	911 ACCOUNT	\$3,271.93	\$185.20	\$3,086.73
32	SELECTMEN EXPENSES	\$2,000.00	\$100.00	\$1,900.00
33	TAX COLLECTOR EXPENSES	\$1,890.00	-	\$1,890.00
34	TATTLER EXPENSES	\$3,600.00	-	\$3,600.00
35	TOWN CLERK EXPENSES	\$1,300.00	\$65.00	\$1,235.00
36	TREASURER EXPENSES	\$2,742.00	\$47.00	\$2,695.00
37	ZONING BOARD EXPENSES	\$300.00	-	\$300.00
38	VET. SERV.ADMIN. BUDGET	\$4,049.54	\$(282.89)	\$4,332.43
39	VETERANS BENEFITS	\$95.00	-	\$95.00
40	TAX TITLE (COLLECTOR)	\$1,000.00	-	\$1,000.00
41	TAX TITLE (TREASURER)	\$1,000.00	-	\$1,000.00
42	INTEREST ON LOANS & SERV. CHGS.	\$5,000.00	-	\$5,000.00
43	TOWN HALL LOAN (2008)	\$9,391.44	\$(675.00)	\$10,066.44
44	RECREATION COMMITTEE EXPENSES	\$200.00	\$00.00	\$100.00
45	HEALTH DEPT. EXPENSES	\$190.00	-	\$190.00
46	FURNITURE & EQUIP.-TOWN HALL	\$1,500.00	-	\$1,500.00
47	TOWN RECORDS RESTORATION	\$1.00	-	\$1.00

48	FUEL (GASOLINE & DIESEL FUEL)	\$23,721.40	\$10,721.40	\$13,000.00
49	HISTORICAL COMMISSION EXPENSES	\$450.00	\$166.00	\$284.00
50	COUNCIL ON AGING	\$285.00	-	\$285.00
51	CRUISER LOAN & INTEREST (2006)	\$7,649.94	\$(29.75)	\$7,679.69
52	TECHNICAL SUPP. & COMPUTER EXP.	\$14,839.17	\$6,194.17	\$8,645.00
53	GARAGE/EMERGENCY SERVICE COMPLEX	\$45,000.00	\$40,000.00	\$5,000.00
54	AMBULANCE EXPENSE	\$9,000.00	\$9,000.00	-
55	TOWN COMMON	\$1.00	\$1.00	-
56	CAPITAL DEBT SERVICE	\$6,250.00	\$6,250.00	-
other				
	SNOW & ICE DEFICIT	\$73,224.46	\$54,582.34	\$18,642.12
	TOTAL	\$ 1,044,084.93	239,310.53	\$946,617.56
	LEVY	\$693,920.00		
	DIFFERENCE	\$350,164.93		

			HOURLY RATE	FY06	HOURLY RATE	FY05
MODERATOR				\$52.00		\$52.00
SELECTMEN	CHAIRMAN			\$2,307.00		\$2,307.00
	MEMBER			\$2,138.00		\$2,138.00
	MEMBER			\$2,138.00		\$2,138.00
TOWN CLERK				\$5,000.00		\$5,000.00
TREASURER				\$7,500.00		\$7,500.00
TAX COLLECTOR				\$5,000.00		\$5,000.00
ASSESSOR	CHAIRMAN			\$1,636.00		\$1,636.00
	MEMBER	CERTIFIED		\$1,448.00		\$1,448.00
	MEMBER	CERTIFIED		\$1,448.00		\$1,448.00
	MEMBER	UNCERTIFIED		\$1,015.00		\$1,015.00
PLANNING BOARD	CHAIRMAN			\$754.00		\$754.00
	SECRETARY			\$453.00	\$	453.00
	MEMBER			\$258.00	\$	258.00
	MEMBER			\$258.00	\$	258.00
	MEMBER			\$258.00	\$	258.00
REGISTRAR OF VOTERS				\$52.00	\$	52.00
FIRE CHIEF				\$3,548.00	\$	3,548.00
POLICE DEPT.	CHIEF			\$5,348.00	\$	5,348.00
	SARGENT		\$ 12.50	\$3,913.00	\$ 12.50	\$ 3,125.00
	3 OFFICERS		\$ 12.00	\$10,104.00		
	OFFICER				\$ 12.00	\$ 2,760.00
	OFFICER				\$ 12.00	\$ 2,760.00
	OFFICER					\$ 2,280.00
TOWN COUNSEL FINANCE COMMITTEE				\$6,000.00	\$	6,000.00
	CHAIRMAN			\$155.00	\$	155.00
	SECRETARY			\$129.00	\$	129.00
	MEMBER			\$103.00	\$	103.00
	MEMBER			\$103.00	\$	103.00
	MEMBER			\$103.00	\$	103.00
BUILDING INSPECTOR					\$	618.00
ANIMAL INSPECTOR				\$103.00	\$	103.00
ADMINISTRATIVE ASSISTANT			\$ 12.50	\$20,880.00	\$ 11.90	\$ 19,877.76
ASSESSOR CLERK			\$ 12.50	\$14,300.00	\$ 12.00	\$ 19,136.00
ASSISTANT ASSESSOR CLERK			\$ 12.00	\$6,240.00		
ACCOUNTING OFFICER			\$ 11.85	\$6,162.00	\$ 11.50	\$ 5,980.00
LIBRARY	LIBRARY STAFF		\$ 8.75	\$3,412.50	\$ 8.50	\$ 3,230.00
	LIBRARIAN		\$ 11.33	\$2,945.80	\$ 11.00	\$ 2,860.00
TRASH COMPACTOR			\$ 11.85	\$6,162.00	\$ 11.50	\$ 4,784.00
DEPARTMENT OF PUBLIC WORKS						
	DPW SUPERINTENDENT			\$47,000.00	\$	43,305.60
	DPW STAFF (FULL TIME)		\$ 17.85	\$37,270.80	\$ 17.33	\$ 36,046.40
	DPW STAFF (FULL TIME)		\$ 15.10	\$31,528.80		
	DPW STAFF (PART TIME)			\$18,672.36	\$	18,128.50
	DPW STAFF (OVERTIME)			\$6,673.05	\$	3,508.65
				\$255,394.31	\$	209,907.91

* SALARIES NOT INCLUDED

Possible Cuts to Get to 2006 Levy Limit of \$693,920.00

Problem:

We are \$350,000 over the Levy Limit

Assumption: We will take \$50,164.93 from Free Cash to reduce the tax levy.

Now we need to cut\$300,000

We could make the following cuts:

Ambulance	\$9,000.00
Garage Complex	\$45,000.00
Technical Support	\$8,645.00
Council on Aging	\$285.00
Historical Commission	\$450.00
Furniture and Equipment	\$1,500.00
Health Dept. Expense	\$190.00
Rec. Committee	\$200.00
Tattler Expense	\$3,600.00
Police Dept.	9,757.00
Library Expense	3,281.00
Fire Dept. Expenses	20,000.00
Animal Inspector	1,000.00
Cemeteries	5,000.00
Snow and Ice	20,000.00
Public Works	10,000.00
Capital Debt Services	6,250.00
Total of Cut Salaries	65,256.86
Fire Chief	3,548.00
Police Chief	3,348.00
Sargent	3,913.00
3 Officers	10,104.00
Administrative Assistant	1,002.24
Assessors Clerks (2)	1,404.00
Accounting Officer	182.00
Library Staff	3,412.50
Librarian	2,945.80
Trash Compactor	1,378.00
Public Works Supt.	3,649.40
Public Works Asst.	1,224.40
Public Works – New Person	31,528.80
Public Works – Part Time Help	543.86
Public Works - Overtime	3,164.40

Total Cuts:	\$215,408.66
Balance still to cut to get to levy limit	\$ 84,591.34

Budget Account Numbers that the Finance Committee and Selectmen feel may require some additional explanation:

- **# 8 Utilities** - Includes heating oil, phone and electricity for all town Buildings (3)
- **#11 Salaries** - Includes all salaries for town employees, elected and appointed officials.
- **#38 Veterans Service Administration** – Tolland’s share of the Western Hamden District Veterans Services which is made up of four towns – Agawam, Southwick, Granville and Tolland. Tolland’s percent of the total budget is 3.62% of the total budget.
- **# 42 Interest on Loans/Service Charges** – Money borrowed by the Treasurer for Town expenses. Bank Service Charges.
- **#48 Fuel** – Gasoline and diesel fuel for Highway Dept., Fire Dept. and Police Dept.
- **#52 Technical Support** – This category includes the costs of internet, e-mail and broadband service, the Tolland website, copier repair contract, equipment, software and support, and outside maintenance support for computers for the town office, assessors, Town Clerk, Tax Collector, Treasurer and DPW.
- **#53 Garage/Emergency Service Complex** – The costs of preliminary drawings for a facility to house the DPW, Fire, Police and Emergency Management equipment.
- **#54 Ambulance Expense** – Tolland’s share of payment to Town of Sandisfield for a new ambulance.
- **#56 Capital Debt Service** – The costs of debt incurred to fund a capital spending plan that would provide money for the replacement of capital equipment and the funding of capital projects.

Explanations of Items in 2006 Budget Showing a Significant Increase over 2005:

Acct. # 2 Regional School Budget – Currently reflects a 2.5% increase due mainly to salary and health insurance increases.

Acct. # 4 Public Works – This category covers maintenance of buildings and equipment as well as materials for road improvements. Costs have increased due to serious price increases for some things as well as the need for increasing repairs on old equipment and the continuing need for expensive tires.

Acct. # 5 Transfer Station – In FY 2006, it is projected that it will cost \$52,930.00 to run our transfer station. Income from sticker fees, bags and special users (all increasing for 2006) is projected to be \$30,732.00; leaving \$22, 198.00 to be appropriated to offset the Enterprise Fund. The increase over FY 2005 budget is significant and reflects the fact that the actual cost to the Town of the Transfer Station in 2005 is projected to be \$40,000 plus instead of \$4,000 as budgeted. The deficit is due cost increases during the year and low fee and bag income.

Acct # 6 Winter Roads - This increase here is reflective of the true costs of winter roads. This year's actual cost now stands at approximately \$75,000 and reflects the bad winter and enormous cost increases in oil and salt. Costs in recent years have been over the budgeted amount

Acct # 7 Revaluation - A revaluation of property is required to be done every three years by an outside firm. \$20,000 is a realistic cost for this procedure.

Acct. # 11 Salaries – The increase in salaries is due to raises for the 4 town employees and the addition of one man to the highway department. More hours (not an increase in the rate of pay) have been added to the police budget to allow for more patrolling over 12 months per request of some townspeople.

Acct. #12 County Retirement Assessment – The increase of \$7, 402, which will continue for the next 15 years, is mostly due to the early retirement of the past Road Supervisor.

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Acct. # 25 Audit – Cost of an audit of the past two years of town finances as requested by several townspeople and recommended by the State.

Acct. # 30 Police Department – Large numbers in this budget other than salaries mentioned in salary account are for repair of equipment like pagers/radios/ATV/snowmobiles; auto repair; dues for Mass Police, Mass Chiefs and Tri-County Associations; Training; new equipment – radios; and new uniforms.

Acct # 48 Fuel – Reflects increase in fuel costs and the fact that we are overspent in our 2005 budget by \$2000 as of March 2005.

Acct. # 52 Technical Support and Computer Expense – Reflects cost to replace and recycle computers that are old and outdated, cost to purchase updated software, cost of copier contract, e-mail, internet and broadband service and the Tolland website as well as the cost of an outside contractor to provide maintenance services.

Acct. # 53 Garage and Emergency Service Complex - The Tolland Building Committee was charged by the Selectmen with assessing the Tolland DPW and Emergency Services Building's future needs. Upon reviewing the existing building's condition and storage capacity, the committee along with input from various Tolland citizens, feels that the town should push forward and look into a new emergency services complex.

In order to initiate this process, the State of MA requires us to follow several procedures. One of these is a Request for Proposal of (RFP). Before doing this, we have to find a building site, access its suitability for a building and acquire a preliminary set of building plans. After doing this the Committee would be able to put the project out to bid. We have been advised that these preliminary plans and suitability tests could cost between \$40,000 to \$50,000. To proceed with this project, we are asking for \$45,000. Consulting with other municipalities who have done similar projects, the final cost for a new DPW/Emergency Service Complex, including a community room, would be between 1.5 to 2 million dollars. The Committee realizes this is a large amount of money but the feels we must also look at the Town's present and future needs.

Acct. # 54 Ambulance Expense – Reflects what the cost of Tolland's portion of the cost of a new ambulance in Sandisfield will be for each of the next five years. Our portion is based on the percentage of total service that Tolland has received. Ambulance fees collected will go into a special fund for future purchases.

Acct # 56 Capital Debt Service –

Capital Improvements for 2006

DPW Tri-Axle	\$170,000	Library -	
Highway Garage		Painting of Interior	\$1,000
Ventilation	\$2,500	Replacement of Doors	\$1,500
Entry Door	\$1,000	Update Electrical	\$1,000
Update Electrical	\$10,000	Replacing Furnace	\$5,000
Salt Shed Addition	\$21,000	Walkway & Stairs	\$1,000
York Rake	\$6,000	Town Hall-	
Police Garage		Painting of Interior	\$1,000
Electrical	\$1,000	Replacement of Screens	
Transfer Station		and Doors	\$1,000
New Building	\$4,000	Renovations	\$5,000
Electrical	\$1,000	Electrical & Water	
Concrete Pads	\$5,000	Problems	\$12,000

Total \$250,000

Capital Plan

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bond 1	6,250	26,875	35,625	34,375	33,125	31,875	30,625	29,375	28,125	26,875	625
Bond 2		5,000	29,500	28,500	27,500	26,500	25,500	24,500	23,500	22,500	21,500
Bond 3			5,000	29,500	28,500	27,500	26,500	25,500	24,500	23,500	22,500
Bond 4				5,000	29,500	28,500	27,500	26,500	25,500	24,500	23,500
Bond 5					5,000	29,500	28,500	27,500	26,500	25,500	24,500
Bond 6						5,000	29,500	28,500	27,500	26,500	25,500
Bond 7							5,000	29,500	28,500	27,500	26,500
Bond 8								5,000	29,500	28,500	27,500
Bond 9									5,000	29,500	28,500
Bond 10										5,000	29,500
Bond 11											5,000
	6,250	31,875	70,125	97,375	123,625	148,875	173,125	196,375	218,625	239,875	235,125

The above capital plan funding will allow the town to have the money to provide for the replacement of capital equipment and to undertake capital projects. The advantage of this type of fund is that it levels out the spending from year to year. The property tax will stay level instead of going up in the year that a needed piece of equipment is purchased and declining as it is paid off. This will also allow for spreading out our capital purchases over a period of years.

Bond 1: would be taken out in fiscal year 1 in the month of July and in December we would pay an interest payment. In the next fiscal year in July, we would make a principal payment of 1 tenth (for a ten year bond) and another interest payment. This would continue for the life of the bond.

In the chart above, the first year we would borrow \$250,000 the first year and then \$200,000 every year after that. The chart assumes an interest rate of 5% per bond. This rate will vary and be set when we take out the bond.

If we don't need the money or need less, we could borrow less. What this will do is increase our tax base up to \$200,000 over 10 years so we can continue to finance a \$200,000 bond and keep up with our capital expenditures.

Every year the Finance Committee and Selectmen would present a list of capital needs for the next year's capital budget and the town would vote on that list. These would be the only items that could be financed by the bond for that year.

An example of how this works is the way the Regional School handles their capital planning and expenses. We vote for the budget and a specific capital budget each year.

Appendix of Budget Definitions:

The following definitions (from the “Finance Committee Handbook”) of common budget terms in Massachusetts may be helpful in understanding budget discussions:

Appropriations – An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

Capital Budget – An annual appropriation or spending plan for capital expenditures (tangible assets or projects that cost at least \$25,000 and have a useful life of at least five years). This type of budget should recommend the method of financing for each item recommended and identify those items that are recommended to be deferred due to scarce resources.

Capital Expenditures/Improvements – These are items generally found in the capital budget such as construction, acquisitions, site development, major repairs or replacement to capital facilities and public ways and overhead costs. The fees for architects, engineers, lawyers, and other professional services, plus the cost of financing advance planning, may be included.

Debt Exclusion – This is a vote by a municipality at an election to exclude debt service payments for a particular capital project from the levy limit. The amount necessary to cover the annual debt service payment is added to the levy limit for the life of the debt only. A debt exclusion may temporarily increase the levy above the levy ceiling.

Free Cash - Funds remaining from the operations of the previous fiscal year which are certified by Department of Revenue’s (DOR) director of accounts as available for appropriation. Remaining funds include unexpended free cash from the previous year, receipts in excess of estimates shown on the tax recapitulation sheet and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount of remaining funds which can be certified as free cash. The State recommends free cash be maintained at not less than 5% of the general fund operating revenues of the town.

Levy Ceiling – The maximum tax assessed on real and personal property may not exceed 21/2 percent of the total full and fair cash value of all taxable property. Property taxes levied may exceed this limit only if the community passes capital outlay expenditure exclusion, debt exclusion, or a special exclusion. (See Proposition 21/2 below)

Overlay- An account established annually to fund anticipated property tax abatements and exemptions in that year. The overlay reserve is not established by the normal appropriation process, but rather is raised on the tax rate recapitulation sheet.

Overlay Surplus – Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. (See Overlay). Within 10 days of a written request by the chief executive officer of a town or city, the assessors must provide a certification of the excess amount of overlay available to transfer. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is “closed” to surplus revenue; i.e... it becomes a part of free cash.

Reserve Fund – An amount set aside annually within the budget of a town (not to exceed five percent of the tax levy for the preceding year) or city (not to exceed three percent of the tax levy for the preceding year) to provide a funding source for extraordinary and unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for “extraordinary and unforeseen” expenditures. Tolland traditionally budgets \$4,000 for this Fund.

Proposition 2 1/2 – Proposition 2 1/2, enacted by Mass. Voters in 1980, establishes two types of restrictions on the annual property tax levy. First, communities are prohibited from levying more than 2 1/2 percent of the total full and fair cash value of all taxable real and personal property in the community. This limit is called the levy ceiling. Second, and more importantly, a community’s levy is constrained in the amount it may increase from one year to the next. The maximum amount a community can levy in any given year is called the levy limit. The levy limit is always below, or at most, equal to the levy ceiling. It may not exceed the levy ceiling.

Under Proposition 2 1/2, a community’s levy limit increases automatically each year by two factors:

- An increment of 2 1/2 percent of the prior year’s levy limit; and
- A dollar amount derived from the value of new construction and other growth in the local tax base since the previous year that is not the result of property revaluation. This “new growth” increase, which varies from year to year, recognizes that new development often results in additional municipal costs, such as, for example, where the construction of a new residential subdivision causes an increase in school enrollment or public safety expenses.

Proposition 2 1/2 does provide communities with flexibility to levy more than their levy limits. With two exceptions, however, all such additional taxes must be approved by the voters at an election by a majority vote. The law establishes two types of tax increases: overrides and exclusions, and also details the referendum procedure a community must follow in order to pass overrides and most exclusion.